

The complaint

Mr B complains Nationwide Building Society have given him misleading information and closed his basic bank account incorrectly.

What happened

Mr B held a basic bank account with Nationwide, which he hadn't used this for around 14 years. He told Nationwide he wished to use the account again and required a card and PIN to be sent.

Nationwide said the account was still active but after 15-years of no use, it would become dormant. And that to avoid this, he should make some payments to it and register for online banking (as Mr B lived overseas and would require remote access). Mr B followed this advice and paid £93 into the account.

When Mr B didn't get a card and PIN and couldn't use the online banking facility, he contacted Nationwide again – eventually raising the matter as a complaint. It issued two final response letters. In summary, these said:

- It couldn't send him a card and PIN as the account had defaulted in 2006, when the outstanding balance hadn't been paid.
- It had sold the debt to a third party a number of years ago.
- Mr B would have received letters about this at the time.
- The account should have been closed a long time ago but had stayed open.
- It had closed the account now.
- Overall, it didn't think it had done anything wrong in not acceding to Mr B's request for a card and PIN.

Mr B didn't think Nationwide could just close the account in his situation. He highlighted he had a right to have a basic bank account under relevant legislation and he'd been given misleading information about being able to re-use it.

In respect of the debt, he didn't think this could be recovered due to the passage of time. The third party that now owned the debt said it had closed its file and wouldn't contact Mr B again. Mr B forwarded this to Nationwide.

One of our investigators upheld the complaint in part. He found Nationwide ought to have realised sooner Mr B wouldn't be able to use his account. And if the account had been closed after it defaulted or was sold, this situation wouldn't have arisen. He felt its error had led to unnecessary distress and inconvenience when Mr B continued to contact it about a card and PIN, online banking and deposited funds. To resolve matters, he suggested Nationwide pay him £200 to reflect the distress and inconvenience caused and refund the £93 he'd credit to the account.

The investigator didn't think Nationwide needed to do anymore. He explained that as Mr B didn't reside in the EU or EEA under the terms and conditions of his account, Nationwide could close it. And while he acknowledged Nationwide should have given him 60-days' notice of its intention to do this, he wasn't persuaded the circumstances warranted this being done retrospectively as the account would be restricted for use.

Nationwide agreed with the investigator's conclusions, but Mr B didn't. He said £5,000 was more reflective of the difficulties he'd been caused – this had severely affected his health, resulting in him failing exams and job interviews. He wanted Nationwide to re-open the account and give him the correct period of notice.

Our investigator didn't change his mind. Mr B said he wanted the Ombudsman's comments on potential legal proceedings involving the dispute, including whether his country of residence was part of the EU/EEA.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B wants comment from me on him taking this dispute to court. But I'm not going to do that – it's not necessary. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it's not necessary for me to respond to every point made, but to concentrate on the crux of the issue. My role is to look at what happened and say whether I think the business did something wrong and if it did, set out what it must do put things right.

It's clear from Nationwide's response that it had information to show the account had defaulted and the debt was sold, so I think it should have reasonably relayed this to Mr B from the outset. Instead, Mr B was led to believe he could re-use the account if he took certain steps. He followed Nationwide's advice on this. So, I can understand his disappointment when he later learned what he'd been told wasn't correct. However, by this point he'd already paid money into the account and been contacting Nationwide. I will say more about the impact of this later in my decision.

Recognising its error in failing to close the account earlier, Nationwide decided to close it in October 2021 when it responded to Mr B's complaint. I think Nationwide was entitled to close the account – Mr B isn't legally resident in a country listed in the terms and conditions of the account or one of the countries considered being part of the EU/EEA. I acknowledge Mr B's comments about his country of residence being part of the Single Market. Presumably if it had been intended to include non-member states beyond those in the EEA, this intention would have been reflected in the choice of wording. As it was not, I can't extend this definition further. But I agree Nationwide should have given 60 days' notice because that's what the account agreement said it would do. This is echoed in relevant regulations. So, I'm satisfied there was in part a further mistake here.

But overall, I don't think these further events caused Mr B additional material distress and/or inconvenience. As for almost 14 years he hadn't had anything to do with the account and he's told us he's had banking arrangements in his country of residence. So, it's not the case that Mr B was left in a position where he had no access to a bank account. He wasn't 'unbanked'.

I know Mr B wants his account re-opened, a card and PIN sent to him and access to online banking. But I'm not going to ask Nationwide to do that only to then give notice. It's not

necessary or proportionate in the circumstances given Mr B wouldn't be able to use the account. The account defaulted in 2006 when it was restricted for use and the account statements and other correspondence issued to Mr B at the time support this.

I can see Mr B has said his health suffered because of what happened and I have read the letter he's provided in relation to this. He's said he failed job interviews and exams. But while I accept there was an element of distress and inconvenience, I'm not persuaded this was severe and it resulted in everything Mr B has described. Yes, Mr B relied on Nationwide's advice and spent time contacting it and he suffered a loss of expectation when he learned that he couldn't use his account. I'm sorry to hear about Mr B's health but I think the impact of what Nationwide got wrong here was modest.

Taking all these points together, and thinking about the actual impact, I'm satisfied £200 is fair and reasonable. Nationwide isn't seeking to recover any money either – that debt was sold to someone else who has said it has closed its file. Nationwide has agreed to pay the amount the investigator recommended as compensation, and the additional £93 credited to the account. I think this is a fair and reasonable way to resolve the complaint.

As a final note, I can see that Mr B has raised concerns about the links on his credit file dating back to 2004. He has held a relationship with Nationwide. But, if Mr B believes the information should have come off by now, he should speak with the credit reference agencies about this. However, I'm not going to ask Nationwide to do anymore.

My final decision

My final decision is that Nationwide Building Society has made an offer of compensation that's fair and reasonable. And it should pay that amount (£293) to Mr B. But I make no other award or direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 May 2022.

Sarita Taylor
Ombudsman